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# Congress of the United States

## U.S. House of Representatives

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May 9, 2007

The Honorable David R. Obey  
Chairman  
Committee on Appropriations  
Room H-218, U.S. Capitol  
Washington, D.C. 20515

The Honorable Jerry Lewis  
Ranking Member  
Committee on Appropriations  
1016 Longworth House Office Building  
Washington, DC 20515

The Honorable James T. Walsh  
Ranking Member  
Subcommittee on Labor, Health and Human Services,  
Education, and Related Agencies  
Committee on Appropriations  
1016 Longworth House Office Building  
Washington, DC 20515

Dear Mr. Obey, Mr. Lewis and Mr. Walsh,

We are writing to urge you to appropriate sufficient funds to allow the Social Security Administration (SSA) to address the disability claims backlog crisis and to perform critical program integrity activities. Should SSA be funded at the level included in the President's FY 2008 budget request, backlogs would worsen, not improve. Appropriating funds beyond the President's request would provide real relief to thousands of individuals who will be found to be severely disabled and who currently must wait years to receive a decision on their disability claim. It would also reduce large program integrity backlogs, generating considerable program savings, as much as \$10 in program costs for every dollar invested.

## Background

SSA's workload has grown significantly in recent years due to the aging of the population and new requirements stemming from Medicare and homeland security legislation. In fact, for the past five years (FY 2003 through 2007), the President's request to fund SSA's administrative costs has been lower than the Social Security Commissioner's request, and Congress has further reduced SSA's budget by a cumulative total of \$869 million over the five-year period. Also, this year's budget request of \$9.597 billion already reflects a reduction of \$843 million from the Commissioner's request of \$10.44 billion. Under the President's request, agency staffing – which had already declined significantly – would drop to eight percent below FY 2006 levels.

Although SSA's productivity increased by 13.1 percent from 2001 to 2006, and the President's budget assumes an additional 2 percent increase in 2008, these productivity improvements have not been sufficient to offset the combined effect of increased workloads and staffing declines.

The backlog in disability claims is particularly severe and would increase under the President's budget. For example, the number of people who were denied benefits at earlier steps of the decision process and who are awaiting a hearing before an Administrative Law Judge has climbed from about 392,000 in FY 2001 to about 738,000 today. Under the President's budget this figure would rise to 768,000 – almost double the number of people awaiting a hearing in FY 2001. Also, on average, the time it takes to receive a decision at the hearing level has risen from about 10 months in FY 2001 to over 17 months in 2007, and would increase under the President's budget to over 18 months.

The Subcommittee on Social Security recently held two hearings on the disability claims backlog. Testimony included the personal stories of those who had lost their homes due to eviction or foreclosure and were living in homeless shelters; lost custody of their children; depleted their life savings; or whose health had further deteriorated due to lack of access to medical care or to severe stress while waiting for a decision.

Funding shortages have also forced the agency to significantly cut back program integrity activities such as continuing disability reviews (CDRs) and Supplemental Security Income (SSI) redeterminations. CDRs determine whether an individual receiving disability benefits is still disabled. SSI redeterminations examine the income, resources, and household composition of SSI beneficiaries to determine whether they remain eligible for SSI and whether they are receiving the correct benefit amount. CDRs have been demonstrated to save \$10 in program costs for every \$1 spent in administrative costs; SSI redeterminations save \$7 for every \$1 spent.

## Recommendation

We believe addressing disability backlogs at the Social Security Administration should be a key priority of the discretionary funding allocation included in the final Budget Resolution.

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The President's budget proposes an appropriation for SSA of \$9.597 billion in FY 2008. This includes for CDRs and SSI redeterminations a base amount of \$264 million plus an additional cap adjustment of \$213 million, for a total of \$477 million. We recommend that you instead appropriate the full President's request of \$9.597 billion, plus additional funding of \$477 million to conduct program integrity activities. This would allow SSA to reduce both the disability claims backlog and the program integrity backlog.

We welcome the opportunity to meet with you to discuss these issues further. Should you have questions, please contact Kathryn Olson, Staff Director, Subcommittee on Social Security, at 225-9263, or Kim Hildred, Chief Social Security Advisor for Committee on Ways and Means Republicans, at 225-4021.

Sincerely,

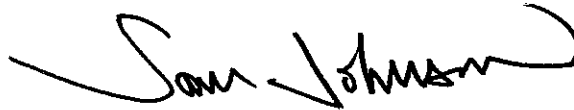


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